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FISCAL IMPACT STATEMENT

LS 6195

BILL NUMBER: SB 91

NOTE PREPARED: Feb 15, 2013

BILL AMENDED: Feb 14, 2013

SUBJECT: Motorsports Investment District.

FIRST AUTHOR: Sen. Young R Michael

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill provides that the Indiana Finance Authority (IFA) may adopt a resolution establishing a Motorsports Investment District (MID). It specifies that the Budget Committee shall review and make a recommendation to the State Budget Agency regarding a resolution establishing a MID. The bill provides that if a resolution establishing a MID is approved by the State Budget Agency, the following taxes generated in the MID will be allocated to the IFA:

- Sales and Use Tax.
- Individual Adjusted Gross Income (AGI) Tax.

The bill specifies that the maximum amount of covered taxes that may be captured from the MID and allocated to the IFA in a state fiscal year may not exceed \$5 M. The bill also provides that the IFA may issue bonds for the purpose of obtaining money to pay the cost of improving, constructing, reconstructing, renovating, acquiring, or equipping structures and capital improvements within a qualified motorsports facility.

Effective Date: Upon passage.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The DOR will incur additional expenses to track and deposit the appropriate tax revenue into the Professional Motorsports Development Area (PMDA) Fund. The DOR has expertise administering similar tax capture areas like Community Revitalization Enhancement Districts (CREDs), Certified Technology Parks, and Professional Sports Development Areas (PSDAs). The DOR's current level of staff and resources should be sufficient to implement the provisions within the bill.

(Revised) *Indiana Finance Authority (IFA)*: The IFA will use the tax revenue captured within the MID to invest in capital improvements at the Indianapolis Motor Speedway (IMS), which is defined by the bill as the "qualified motorsports facility". The IFA may receive distributions for only 20 years after the first allocation. In addition, the IFA has the authority to issue bonds for the purpose of covering the cost of improving, constructing, reconstructing, renovating, acquiring, or equipping structures and capital improvements within the IMS. The bill limits the total amount of bonds that may be issued for these purposes to \$100 M. The IFA's current staff and resources should be sufficient to implement the provisions of the bill.

State Budget Agency (SBA): The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

(Revised) *Additional Information*: The bill establishes the Motorsports Investment District (MID) as the geographic area within the IMS and areas adjacent to the IMS that are related to the operation of the IMS or owned by the same owner. The bill stipulates the IFA will determine the geographic region of the MID within the establishing resolution.

Explanation of State Revenues: (Revised) The bill allows the MID to capture up to \$5 M per year in Sales Tax and Individual AGI Tax generated in the MID. It is estimated that the annual revenue capture could total \$3 M to \$4 M. This estimated capture amount is based on an analysis of employment at the IMS and related adjacent properties and wage payments to those employees, purses paid to participants in professional motorsports races at the IMS, and assumed taxable sales at the IMS during motorsports events and throughout the year at the IMS and related adjacent properties.

The bill provides for the captured revenue to be allocated to the IFA for payment on capital projects within the IMS. Since the bill is effective upon passage, revenue capture could begin as early as FY 2013 but would depend upon actions by the IFA, the State Budget Agency, and the State Budget Committee. The bill requires the IFA to approve a resolution establishing the MID. The resolution must be approved by the State Budget Agency, with the recommendation of the State Budget Committee, before revenue capture can begin.

[Sales Tax collections are currently deposited in the state General Fund (99.848%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail Service Fund (0.029%). Individual AGI Tax collections are deposited in the state General Fund.]

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOR; IFA; State Budget Agency; State Budget Committee.

Local Agencies Affected: Local units that receive Sales Tax revenue.

Information Sources: LSA Unemployment Payroll Reporting (ES202) Database.

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